

Date of Hearing: April 26, 2011

ASSEMBLY COMMITTEE ON VETERANS AFFAIRS

Paul J. Cook, Chair

AB 488 (Cook) – As Introduced: February 15, 2011

SUBJECT: Veterans' homes: fees and charges

SUMMARY: This bill alters the fee structure for nonveteran spouses living in the Veterans Home of California. Specifically, this bill: mandates that nonveteran spouses living in the home shall pay the same fees and charges as the veteran spouse.

EXISTING LAW: Existing law provides that members of the home shall pay fees and charges as determined by the California Department of Veterans' Affairs ("Department"). Under the existing statute:

(a) The total of the individual member's fees and charges for any fiscal year shall not be greater than:

(1) Forty-seven and one-half percent of the member's annual income for domiciliary care.

(2) Fifty-five percent of the member's annual income for residential care for the elderly or assisted living.

(3) Sixty-five percent of the member's annual income for intermediate care.

(4) Seventy percent of the member's annual income for skilled nursing care.

(b) Nonveteran spouses who become members of the home on or after July 1, 2009, shall pay fees and charges based on the level of care, as described in subdivision (a), or an amount equal to the annual amount of federal per diem received for a veteran member in domiciliary care, whichever is greater. If the nonveteran member's income is less than the annual amount of federal per diem for a veteran member in domiciliary care, the nonveteran member shall pay a maximum of 90 percent of his or her annual income.

FISCAL EFFECT: Unknown.

COMMENTS: The Home has a cost associated with its operation, and the sliding scale is based not on a fixed amount payment but instead on a percentage of income, representing a compromise that allows any eligible veteran access to the Home regardless of income. Veterans may in fact be admitted to the Home with no income, thus the program is seeking a fair share contribution from veterans. What they must pay as a portion of their income increases based on the level of care they receive.

However, in the case of the nonveteran spouse, he or she must pay, not necessarily the same percentage the veteran spouse would pay, but the same percentage *or* what the federal government would pay the Department, *whichever is greater*. If the nonveteran spouse's income is less than what the federal government would pay the Department, then the nonveteran spouse pays 90 percent of his or her income. Thus, under existing law the nonveteran spouse may be

compelled to pay more for the same services and/or to choose between that pay structure and living apart from his or her spouse.

Until 2009 there was a cap on the residential fees for each classification of care. The caps were \$1,200 per month for residential care, \$2,300 per month for intermediate care, and \$2,500 per month for skilled nursing care. The 2009/2010 Budget removed these caps. These changes removed income caps for all levels of care, added a separate fee structure for the Residential Care Facility for the Elderly (RCFE) level of care in which the income contribution percentage is set to 55 percent, and required non-veteran spouses to pay either 90 percent of income up to \$1,100 or \$1,032, whichever is greater. The fee caps were removed in 2009 to address a budget deficit and because they had not been adjusted since implementation.

California is still in a budget deficit situation. The Legislative Analyst's Office indicates that the current deficit is approximately \$20-25 billion dollars. This bill seeks to reverse an action taken in the 2010 budget to assist in eliminating, in small part, that deficit. However, the bill does not seek to totally eliminate fees paid by non-veteran spouses, rather to establish that whatever is deemed a fair share of the veteran spouse's income is also a fair share of the nonveteran spouse's income.

The Department reports that it has concerns with the fiscal impact of the bill because under United States Department of Veterans' Affairs' ("USDVA") regulations the Department does not receive any reimbursement/per diem for the non-veteran spouses. Therefore, if nonveteran spouses pay the same rates as veterans the Department, then the General Fund would have to bridge the difference in cost, which the Department estimates to be approximately 2-3 thousand dollars a month for each non-veteran spouse.

Related Legislation:

AB 487 (Cook) This bill amends the same code sections and reinstates dollar amount fee caps at new, increased from 2009 levels, amount. The fee caps would adjust based on a relevant index.

REGISTERED SUPPORT / OPPOSITION:

Support

None on file.

Opposition

None on file.

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